

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06095 311756Z

73

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AF-06 ARA-06 EA-06 NEA-10 /131 W
----- 023110

R 311709Z JUL 75

FM USMISSION GENEVA
TO SECSTATE WASHDC 5057
INFO AMEMBASSY LISBON
USMISSION EC BRUSSELS
USMISSION OECD PARIS

LIMITED OFFICIAL USE GENEVA 6095

E.O. 11652: N/A

TAGS: GATT, ETRD, PO

SUBJECT: GATT BOP CONSULTATIONS - PORTUGAL

REF: (A) STATE 176292; (B) GENEVA 5261

BEGIN SUMMARY: PORTUGAL TOLD BOP COMMITTEE THAT ECONOMIC
PLAN FOR 1976-78 WILL DETERMINE WHAT FOLLOWS IMPORT SURCHARGE.
COMMITTEE CONCLUDED SURCHARGE APPLICATION CONFORMED TO GATT
BOP CRITERIA. END SUMMARY.

1. SOMEWHAT SURREAL JULY 28 AND 31 GATT BALANCE OF PAYMENTS
COMMITTEE EXAMINATION OF PORTUGAL TOOK PLACE AGAINST CHANGING
HEADLINES OF FLUID EVENTS IN LISBON. PORTUGAL LAID BLAME
FOR BOP DIFFICULTIES ON NEED TO IMPORT FOOD, OIL COSTS,
WORLD RECESSION, EFFECTS OF DECOLONIZATION, AND EXPORT
SUPPLY DIFFICULTIES DUE TO SOCIAL AND POLITICAL CHANGE AT
HOME. PORTUGAL SAID TRADE DEFICIT FOR FIRST FIVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06095 311756Z

MONTHS 1975 WAS \$570 MILLION; EXPECTED REACH \$1.2 BILLION

FOR YEAR. SAID SURCHARGE TO EXPIRE DECEMBER 31, 1975, AND CONTENTS OF 1976-78 ECONOMIC PLAN WOULD DETERMINE WHAT WOULD FOLLOW. IMF SAID CURRENT SURCHARGE SHOULD ASSIST IN SLOWING BOP DECLINE AND BUY TIME FOR FISCAL AND MONETARY MEASURES TAKE EFFECT.

2. EC WAS MORE ACTIVE THAN USUAL FOR THIS COMMITTEE; NOTED 45-50 PERCENT OF PORTUGAL'S TRADE WAS WITH EC AND SAID PORTUGAL HAS NEED OF ASSISTANCE FROM THEIR "MAJOR NEIGHBORS." EC COMPLAINED OWN TRADE WAS AFFECTED AND QUESTIONED WHETHER SURCHARGE WAS BEST SOLUTION SINCE PORTUGAL USING FLOATING EXCHANGE RATE. PORTUGAL SAID IMPORT DEPOSIT NOT USED BECAUSE OF EXISTING LIQUIDITY PROBLEMS. QRS NOT USED BECAUSE THIS IS "CARDINAL SIN" OF TRADE PRACTICE AND PORTUGAL RELUCTANT ESTABLISH TROUBLESOME MACHINERY REQUIRED. EC THEN RELENED AND AGREED SURCHARGE WAS APPROPRIATE IN CURRENT CIRCUMSTANCES. U.S. SAID SURCHARGE WAS PREFERABLE TO MORE SEVERE FORMS OF RESTRICTION, AND PORTUGAL AGREED.

3. U.S., EC, JAPAN UNDERSTOOD SERIOUSNESS OF PORTUGUESE SITUATION AND NEED FOR CORRECTIVE ACTION, HOPED FOR EARLY END TO SURCHARGE, AND URGED THAT MEASURES IN 1976 TAKE ACCOUNT OF NEEDS OF PORTUGAL'S TRADE PARTNERS. PORTUGAL HAD NO DETAILS ON CONTENTS OF PLAN, WHICH WILL NOT BE FINALIZED BEFORE END OF 1975. U.S. ASKED PORTUGAL'S PLANS FOR DRAWING ON IMF RESOURCES, INCLUDING OIL FACILITY. PORTUGAL SAID THEY HAVE ALREADY INFORMED IMF THEY WOULD DRAW ON GOLD TRANCHE AND INFORMALLY TOLD IMF THEY PLAN USE OIL FACILITY, PLAN OPEN FORMAL DISCUSSIONS BY END OF YEAR. PORTUGAL REPEATED CRITERIA USED ON SURCHARGE APPLICATION AS GIVEN IN REFTEL (B).

4. COMMITTEE CONCLUDED THAT APPLICATION OF TEMPORARY SURCHARGE CONFORMED TO CRITERIA LAID DOWN IS RELEVANT ARTICLES OF GATT ON IMPORT RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES. NOTE: PORTUGAL PREFERRED CITE SPECIFIC RECOURSE TO GATT ART XVIII (I.E., LDC STATUS WHICH WOULD HAVE PRECLUDED FURTHER GATT EXAMINATION FOR TWO YEARS), BUT DID NOT PRESS POINT. U.S. (PER PARA 3 REFTEL (A)) LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 06095 311756Z

AND EC RESISTED, AND NO SPECIFIC ARTICLE WAS CITED. THUS, IF SURCHARGE IS CONTINUED OR IS REINSTITUTED BY 1976-78 PLAN, BOP COMMITTEE CAN HOLD ANOTHER CONSULTATION IN 1976.DALE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOCUMENTS, CUSTOMS DUTIES, BALANCE OF PAYMENTS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975GENEVA06095
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750265-0357
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975075/aaaaadzz.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 176292, 75 GENEVA 5261
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2003 by ShawDG>; APPROVED <28 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GATT BOP CONSULTATIONS - PORTUGAL
TAGS: ETRD, PO, GATT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006